GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2571
ANSWERED ON:18.08.2006
INSURANCE COVERAGE IN RURAL AREAS
Bose Shri Subrata

Will the Minister of FINANCE be pleased to state:

(a) whether ratio of life insurance coverage-to-population as well as that of insurance premium-to-GDP in India is one of the lowest in the world ;

(b) if so, the comparative details with other countries ;

(c) the findings of any survey/study conducted to ascertain potentials of life insurance coverages in India during the current decade ;

(d) whether rural areas has been yielding larger premium deposits to LIC than the urban areas ;

(e) if so, the details thereof alongwith schemes of LIC exclusively for the benefit of rural areas; and

(f) the steps taken/contemplated by LIC to strengthen its network in rural areas ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b) The ratio of life insurance coverage to population (insurance density),and ratio in percentage of life insurance premium to GDP (penetration), of India is quite low in comparison to countries like US,Japan, Australia, UK etc. as per details given in the statement enclosed. The performance is lower than some of the Asian countries also as per details given in the statement enclosed. However, the opening up of the Insurance Sector in the year 2000 and with the entry of new players in the private sector,the life insurance density of India during the last five years has witnessed a steady increase.The life insurance coverage to population has increased from 7.60 USD for the year 2000 to 18.30 USD for the year 2005.Similarly, the life insurance penetration in India i.e. ratio in percentage of life insurance premium to GDP has increased from 1.77 for the year 2000 to 2.53 for the year 2005.

(c) The surveys of the private insurance companies applying for license to commence insurance business indicate significant potential for insurance. After the opening of the sector in the year 2000, there are 15 life insurers operating now. out of them 14 are in private sector and one in public sector i.e.LIC.The new business premium for the life insurance industry in 2005-06 was Rs. 35897.96 crore as against Rs. 9707.40 crore in 2000-01.

(d) to (f) LIC has reported that the rural areas are not yielding larger premium deposits as-compared to the urban areas. However, LIC has in vogue the Bima Gram Concept and the Bima School Concept in order to cater to the larger insurable population in the rural areas. It also has a rural area specific product namely `New Jana Raksha` policy. LIC is opening its Satellite Offices in rural areas and appointing Apprentice Development Officers to strengthen its network in rural areas.